

ORIGINAL

S. C. PUBLIC SERVICE COMMISSION

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TESTIMONY OF WILLIAM O. RICHARDSON

FOR

THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 96-005-E

IN RE: DUKE POWER COMPANY

Q. WOULD YOU PLEASE STATE YOUR NAME, ADDRESS AND
OCCUPATION?

A. William O. Richardson, 111 Doctors Circle, Columbia,
South Carolina. I am employed by The Public Service
Commission of South Carolina, Utilities Department,
as an Engineer Associate III.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND
EXPERIENCE.

A. I received a B.S. Degree in Electrical and
Computer Engineering from Clemson University in
1975. I was employed, upon graduation, by Daniel
Construction Company as an Electrical Engineer in
the Power Division. In 1978 I was employed by this
Commission as a Utilities Engineer Associate II. In
February 1991 I was promoted to Utilities Engineer
Associate III. I have attended various courses and
seminars related to engineering, life analysis and
accounting relationships and have testified before

1 this Commission in other proceedings involving fuel
2 adjustments, purchased gas adjustments, and rate
3 case proceedings of electric, water and wastewater
4 utilities.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
6 **PROCEEDING?**

7 **A.** The purpose of my testimony is to summarize Staff's
8 findings and recommendations as set forth in the
9 Utilities Department's portion of the Staff Report.

10 **Q. MR. RICHARDSON, WHAT SPECIFIC AREAS WERE ENCOMPASSED**
11 **BY STAFF'S EXAMINATION?**

12 **A.** The Utilities Department's examination of the
13 Company's fuel operations generally consists of a
14 review of the Company's monthly operating reports,
15 on-site inspections of the Company's coal quality
16 sampling techniques, review of the currently
17 approved adjustment for fuel costs tariff and a
18 review of the Company's short-term projections of
19 kilowatt-hour sales and fuel requirements.

20 **Q. DID STAFF REVIEW THE NUCLEAR OPERATIONS FOR THIS**
21 **PERIOD?**

22 **A.** Yes, we looked at the Company's operation of its
23 nuclear production facilities during the six month
24 period of this fuel proceeding to determine if the
25 Company made every reasonable effort to minimize

1 fuel costs or if any decision of the Company
2 resulted in unreasonable fuel costs. This review
3 was coupled with a reliability of service criteria.

4 Q. WOULD YOU DISCUSS THE METHODOLOGY USED IN THIS
5 PROCESS?

6 A. Yes. We looked at each plant outage by review of
7 Company reports and correspondence between the
8 Company and the Nuclear Regulatory Commission (NRC)
9 concerning the outages which required reporting. We
10 then spent time with Company representatives to
11 discuss each outage and the sequence of events which
12 lead to the outage and those which dictated the
13 duration of the outages.

14 Q. IN YOUR REVIEW OF THE COMPANY'S PLANT OPERATIONS,
15 HAVE YOU DETERMINED THAT ANY SITUATIONS WARRANT A
16 DETERMINATION THAT ANY COMPANY ACTION CAUSED ITS
17 CUSTOMERS TO BE SUBJECT TO PAYING HIGHER FUEL COSTS?

18 A. No, in the ruling of the Supreme Court of South
19 Carolina in Hamm vs. Public Service Commission and
20 Carolina Power & Light Company, it states, "The
21 rule does not require the utility to show that its
22 conduct was free from human error; rather, it must
23 show that it took reasonable steps to safeguard
24 against error." Staff believes the Company has met
25 this burden to take reasonable steps to safeguard

1 against personnel error associated with our
2 examination of the operations and outages at the
3 Catawba, McGuire and Oconee Nuclear Stations that
4 were reviewed for this proceeding. Specifically the
5 Company's nuclear units operated at an overall
6 average capacity factor of 85% for the period
7 including three refuelings.

8 **Q. MR. RICHARDSON, DID STAFF EXAMINE THE OPERATION OF**
9 **THE COMPANY'S FUEL TARIFF FOR THE PERIOD UNDER**
10 **REVIEW?**

11 **A.** Yes, Exhibit No. 10 is a table of Projections of the
12 Cumulative Recovery Account for various fuel base
13 levels for the six month period ending November
14 1996. Using the currently projected sales and fuel
15 cost figures through November 1996, and a projected
16 cumulative under recovery of \$1,161,327 through
17 May 1996, the average projected fuel expense is
18 approximately 1.0445 ¢/KWH for the six months ending
19 in November 1996. Applying this fuel factor to the
20 period would create an estimated \$1,793 under
21 recovery in the cumulative recovery account. The
22 currently approved base fuel factor is 1.0000 ¢/KWH.
23 Applying the current fuel factor, which is also the
24 Company's proposed factor to the period would create
25 an estimated \$4,843,145 under recovery.

1 Q. WOULD YOU BRIEFLY EXPLAIN THE REMAINING UTILITIES
2 DEPARTMENT EXHIBITS?

3 A. Staff Exhibit No. 1 is the Power Plant Performance
4 Data Report which is a listing of power plant
5 capacity factors and equivalent availability
6 factors, respectively. Exhibit No. 2A shows the
7 Company's Nuclear Unit Outages for the months of
8 October 1995 through March 1996, listing the plants
9 by unit, duration of the outage, reason for outage,
10 and corrective action taken. Exhibit No. 2B lists
11 the Fossil Unit Outages by unit for the duration of
12 100 hours or greater, the reason and corrective
13 action taken. Exhibit No. 3 lists the Company's
14 percentage Generation Mix by fossil, nuclear, and
15 hydro for the period October 1995 through March
16 1996. Exhibit No. 4 reflects the Company's major
17 plants by name, type of fuel used, fuel cost in
18 cents per KWH to operate, and total megawatt-hours
19 generated for the six months ending March 1996.
20 Exhibit No. 5 shows a comparison of the Company's
21 original retail megawatt-hour estimated sales to
22 the actual sales for the six month period ending
23 March 1996. The Company's forecast of sales has
24 been projected with a high degree of accuracy.
25 Exhibit No. 6 is a comparison of the original fuel

1 factor projections to the factors actually
2 experienced for the six months ending March 1996.
3 Exhibit No. 7 is a graphical representation
4 including historical and projected data given in
5 Exhibit No. 6 commencing January 1995. Exhibit No.
6 8 is the Company's currently approved retail
7 adjustment for fuel costs tariff. Exhibit No. 9 is a
8 history of the cumulative recovery account.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes, it does.
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